

**USFWS Division of Federal Assistance
Second Cycle Audit Findings
National Meeting**

Type	Title	Finding
3% Limit on Central Services	Limitation on Administrative Costs	The Division received \$15,659 in excess indirect cost reimbursements for fiscal year 2000
Accounting	Accounting Records	The Wildlife Division did not reconcile Federal Aid payroll records to the official state accounting records to ensure that all payroll charges were properly accounted for.
Accounting	Allocation of Costs	Department field personnel did not allocate common costs to individual grants in accordance with the relative benefits received from each grant, and did not document the basis of allocating costs, as required by Office of Management and Budget (OMB) Circular No. A-87, "Cost Principles For State, Local and Indian Tribal Governments, Attachment A – General Principles for Determining Allowable Costs."
Accounting	Cash Basis Reporting	The Department's application and use of the cash basis of accounting for preparing its SF-269s and reporting the financial results of its Federal Aid grants ending on June 30 resulted in the charging of some SFY 2001 costs to SFY 2002 grants.
Accounting	Federal Aid Accounting	The Commission's Bureau of Accounting Services did not maintain adequate support for expenditures claimed on Financial Status Reports (SF 269s) for its Federal Aid programs.
Accounting	Internal Controls	The Department's internal control procedures for processing receipts did not include (1) reconciling receipts processed by the Licensing and Revenue Section with the deposit of such receipts by the Receipts and Payroll Section, (2) reconciling the receipts received in the mailroom with the deposit of such receipts by the Receipts and Payroll Section, and (3) limiting distribution of receipts received through the mail to only the Receipts and Payroll Section.
Accounting	Network Access Controls	Former Division of Wildlife employees and contractors had access to the DOW network. Specifically, access privileges were not removed in a timely manner when employment was terminated.
Accounting	Overstated Outlays Reported on Financial Status Report	The Department reported the same costs to two grants in SFYs 2001 and 2002.
Americans with Disabilities Act	Americans with Disabilities Act	The auditors noted during site visits, restrooms, fishing docks, and pathways that were handicap accessible.
Assent Legislation	Assent Legislation	Assent Legislation
Assent Legislation	Assent Legislation	The State's assent legislation does not specifically prohibit the diversion of license revenues for purposes other than the administration of the fish and wildlife agency from, in this case, the Fisheries Division and the Wildlife Division of Game and Parks Commission.
Asset Management	Asset Management	Based on our site visits, we identified equipment that was not on the inventory, equipment not in the identified inventory location, equipment without inventory tags, and a vehicle purchased with Federal assistance that was being used for a nonfederal assistance program. Our review of the inventory database disclosed that over 400 pieces of equipment did not have location codes. We have not differentiated between Federal assistance assets and state assets due in part to the inventory records.

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Asset Management	Asset Management	Land Inventory and Realty Office did not accurately and consistently include the source of funds used to acquire land, and was not able to specifically identify the source of funds used to purchase its equipment, and grant numbers identified in the equipment listing could not be definitively verified as being from a FWS grant..
Asset Management	Asset Management	The Department did not specifically identify Federal Aid personal property so the auditors could not determine whether Federal Aid property was being used for the purpose for which it was originally acquired.
Asset Management	Asset Management	The Department's asset inventory was not current or complete, and did not identify the funding source; e.g., Federal Aid, license fees, or other.
Asset Management	Asset Management	The department's asset management system does not identify those assets purchased with license fee funds. In addition, does not have a policy for the disposal of assets purchased with license fee funds or Federal Aid.
Asset Management	Asset Management	The Division of Fish, Wildlife, and Marine Resources (Division) does not identify property by funding source. Therefore, property purchased with Federal Aid funds could not be readily identified.
Asset Management	Asset Management	The Division of Fish, Wildlife, and Marine Resources (Division) has not completed the annual verification and certification of formally controlled property process since 1991
Asset Management	Asset management	The Division of Wildlife Resources (Division) did not adequately manage personal and real property.
Asset Management	Asset Management - Personal Property Inventory	The Division of Wildlife's personal property inventory maintained by the Department contained inaccurate data.
Asset Management	Asset Management - Real Property	The Bureau did not have accurate property control records for real property acquired with Federal Assistance funds. As part of our review of asset management, we requested the Bureau provide an inventory listing of real property purchased with Federal Assistance funds (the State did not use license revenues to acquire real property). We were provided with two inventory listings of real property, one of which was apparently prepared by staff of FWS Region X. The two listings were inconsistent as to properties listed and land acreage. We asked how the funding source could be determined and were told that the information was only contained in the Bureau's Federal Assistance land files; title deeds did not document the funding source.
Asset Management	Asset Management –Personal Property	The Bureau of Financial and Support Services (Support Services) was responsible for maintaining the inventory database for all personal property for the entire Department, including the Bureau of Natural Resources. We found that the inventory database did not always identify the funding source for property and contained inaccurate data. In addition, some items were not tagged.
Asset Management	Boating Access Facility Maintenance	In 2001, FWS found inadequate maintenance of boating access facilities on a lake. In 2003, the auditors again found inadequate maintenance of the same boating access facility at the same locations.

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Asset Management	Departmental Asset Management Needs Improvement	The Department's Equipment Inventory System contained incomplete data for equipment purchased by the Department with Federal Assistance or license fee funds. As a result, the Department could not assure us that Federal Assistance property was controlled, maintained, and used only for Federal Assistance activities and was not able to identify the property in its property inventory in accordance with requirements in 50 CFR § 80.18.
Asset Management	Land Inventory System	We found that the Division had not implemented the prior audit finding that stated, official real estate inventory system does not identify the Federal grantor agency's equity in real estate purchased with Federal Aid funds. Federal Aid coordinator maintains a separate inventory system that identifies the Federal grantor agency, but not the level of Federal participation or program that provided the funding." We expanded this finding because we found that the Division did not have a complete inventory of land that identified the sources of funding as Federal Assistance, license fees, or other. The Division had two lists of Federal Assistance property. We compared the lists. We found that the lists were not in agreement and neither one included recent acquisitions.
Asset Management	Land Management System	The Department did not have an adequate land management system to maintain control of land purchased with Federal Assistance, license fees, or other funds. We found that for five of six of the latest Federal Assistance purchases, the Department summary and legal land records did not record the Federal Assistance contribution.
Asset Management	Personal Property	The Fixed Asset System used by the Department did not identify personal property by funding source. Therefore, we could not determine if property purchased with Federal Assistance funds, license fee funds, or other funds was being used only by Division of Wildlife employees within the Department, and not by Division of Parks and Recreation employees or others.
Asset Management	Personal Property - State ID Number	Not all Division of Wildlife (Division) personal property inventory items have the State ID property tag number assigned and entered in the inventory listing.
Asset Management	Personal Property Management	The Department has not kept its computer equipment and real property asset inventory current, and its system does not identify the funding source for acquired assets.
Asset Management	Property Management	The Division did not adequately account for and control personal property purchased with Federal Assistance funds.
Asset Management	Real Property Disposals	Department conveyed 34 real property interests to other entities. Many of these conveyances were easements or rights-of-way. Based on evidence made available, 25 of the 34 real property interests were acquired with Federal Assistance funds. The Department obtained neither FWS instructions nor the approval of the FWS Regional Director before disposing of 23 of the 25 property interests.

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Type	Title	Finding
Compliance	Chemicals	The Division had a considerable amount of rotenone, purchased with Dingell-Johnson Sport Fish Restoration Act and State license funds, on hand for which it had not notified the FWS. Rotenone was purchased under Grant No. F-70-D-2 in Calendar Year 2000 in order to chemically kill all fish in Otter Creek Reservoir. We found 152 barrels of rotenone powder at the time of the audit, with an estimated value of \$60,000. The Division later performed an inventory and found 169 barrels of rotenone on hand. Division officials had informed FWS about the reservoir draining as the reason they did not consume the rotenone at the completion of the grant, and that it would be used on future approved projects. However, they did not have any records to support the unused quantities in storage, which we believed were material in cost and posed a potential risk to animals and a potential risk of liability to the Division due to the possibility of misuse or mishandling.
Compliance	Ineligible Procurements	The auditors questioned \$5,708 for procurements made in Fiscal year 2000 (\$5,168 under Grant FW-3-C-8 and \$540 under Grant W-1-R-8) and identified \$4,487 of improper procurements applicable to fiscal year 2001 grants.
Compliance	Monitoring	The Department has not established a formal policy requiring documentation of its monitoring activities and therefore did not document the results of reviews of its on-site monitoring activities.
Compliance	Posting of Federal Aid Signs	During our site visits, the auditors found that 10 of the 39 locations visited did not display the authorized Federal Aid logos.
Compliance	Posting of Federal Aid Signs	During our site visits, we found that 5 of the 18 locations visited did not display the authorized Federal Aid logos.
Compliance	Small, Women-Owned and Minority Businesses	We found that the Division did not implement a prior audit finding concerning the promotion of small, women-owned and minority-owned businesses in requests for proposals.
Diversion	Diversion of Land Use	The Commission allowed approximately one-third of a wildlife area to be used for public recreational activities, which resulted in the diversion of use of that part of the area.
Diversion	Diversion of Use	The Department purchased A Lake with funding from Grant number F-16-L-1, in September 1970, but turned a three to five acre portion of the site over to the Division of Law Enforcement to be used as a shooting range. The FWS agreed to a land exchange to resolve the diversion of use of this parcel of land in a December 25, 1985 letter from the Assistant Regional Director for Federal Assistance. However, the Department could find no evidence in either the State lands division or any Agency of Natural Resources office to identify if this land exchange ever took place.
Diversion	Diversion of Use - Federal Aid Land	Correctional facility is located at a FWA on an estimated 5 to 10 acres of land purchased with Federal Aid funds.
Diversion	Diversion of Use - Federal Aid Land	In November 2001, the Department reported to FWS that funds provided to the Habitat Center, Department of Corrections, were used for non-fish and wildlife purposes.

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Type	Title	Finding
Diversion	Hunting License Revenues	The Division commingled revenues from the sale of hunting licenses with revenues from other sources in the Wildlife Conservation Fund account. As a result, the Division did not know the amount of hunting license revenues in the Fund, thereby creating the potential for the diversion of these revenues.
Diversion	Potential Diversion of License Revenues	The auditors found that initial expenditures for two grants were funded by various sources, including the Conservation Fund. The auditors found that Conservation Funds were used for 61.6 percent and 34 percent of total outlays for the grants. License revenues deposited in the traditional account of the Conservation Fund were 91 percent and 94 percent of the Fund for SFY 2001 and 2002 respectively.
Diversion	Use of Hunting and Fishing License Revenues	The Division of Wildlife was the only division in the DNR required to make payments in lieu of taxes for land owned by the state and administered by the Division.
Diversion	Use of License Revenues - Law Enforcement	Time coded to the Division of Fish and Wildlife by the Law Enforcement Division may not be reasonable in relation to the overall responsibilities of the Law Enforcement Division.
Drawdowns	Drawdowns	State made two drawdowns from Federal Aid funds that were not supported by actual costs incurred during the actual draw periods amounting to \$92,000.
Drawdowns	Drawdowns	The Department did not correctly allocate grant direct and indirect costs between the Federal and State shares when calculating overhead costs for Federal Assistance grants. Standards for Financial Management Systems specified in 43 CFR § 12.60 (a) require that a State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to (1) permit preparation of reports required by this part and the statutes authorizing the grant, and (2) permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.
Drawdowns	Drawdowns	We are developing an NFR on the method used to determine its periodic drawdowns. That method includes drawing 100 percent of the Federal share of grants with in-kind or other State match. However, CDFG does not ensure that the match is available before a drawdown is made.
Drawdowns	Drawdowns and Claims for Reimbursement	The auditors questioned \$33,703 in excess Federal Assistance funds that the Division drew down for expenditures in fiscal year 2000.
Labor	Grant compliance fisheries management program	The Division of Wildlife Resources (Division) did not inform FWS that it designated four biologists to work exclusively on activities related to a Blue Ribbon Fisheries Advisory Committee that is not covered by the scope of the grant.

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Labor	Labor	Based on the results of the preliminary review, we selected an additional sample of 52 individuals for one month. We found that the state could not provide 8 timesheets, one timesheet was not signed, 4 timesheets were amended without any noted approvals, and 3 individuals charged all leave to the Federal grant even though the individuals worked on other nonfederal projects during the pay period.
Labor	Labor	The controls over labor expenditures did not ensure that the labor charged to Federal assistance grants were allowable. For the two-year period ending June 30, 2003, CDFG charged Federal assistance grants \$26,182,900 for labor. During our preliminary review of the labor reporting, we identified 6 exceptions out of 22 individuals where labor costs charged to a grant were incorrect and/or not supported. The exceptions occurred because attendance data was entered incorrectly, no attendance record was available to support labor charges, and attendance records were not approved by a supervisor.
Labor	Labor	The State did not accurately allocate costs for salaries, benefits, and longevity payments to Federal Aid cost centers, and was not able to support the amounts reported for retirement or FICA for selected employees.
Labor	Labor - Common Costs	Since the Department has not issued a policy or implemented a method of allocating labor costs equitably, the auditors cannot determine whether Federal Aid grants were charged equitably for common costs.
Labor	Labor – Payroll Allocations.	The Commission needs to change its method of allocating overtime and compensatory time (unpaid time off) to Federal grants.
Labor	Labor Costs	The automated timekeeping system did not contain sufficient edits to prevent an employee from recording excessive hours worked during a day or month. A Division employee recorded 500 hours to one cost element and 6 hours to another cost element on the same day. The total hours recorded that month were 731. System processed the data as recorded by the employee.
Labor	Leave Costs	The Division used State-wide labor and accounting systems to accumulate costs. The systems allocated leave costs (i.e., vacation and sick leave) when employees were compensated for authorized absences from their jobs; i.e., as employees used the leave. For each Division employee the allocation was based on the proportion of labor hours charged to work activities (i.e. cost elements) during the month of the absence instead of basing the allocation on labor hours charged to work activities during the periods when the leave was earned. Cost elements charged were for Federal Assistance grants and for other activities.

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Labor	Payroll	The Department did not report regional wildlife managers' salaries and fringe benefits according to actual work performed. OMB Circular A-87, Attachment A, item C.3.a states "A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received." We found that regional wildlife managers worked on several different projects and grants, but charged their time according to prearranged time codes. The Region 3 wildlife manager charged 32 percent of his time and all other regional wildlife managers charged 38 percent of their time to Grants W-96-R- and W-96-R-10 (the State Wildlife Management Grant) during the audit period. In Region 1, the wildlife manager worked on seven other projects and two other grants, but no time was charged to these projects and grants. The practice of charging the State Wildlife Management Grants a prearranged percentage of regional wildlife managers time had been established prior to the period of our audit and the reason for using these percentages was not known.
Labor	Payroll	The Division of Wildlife Resources (Division) did not ensure that an aquatics program regional manager salary and fringe benefits was accurately reported according to actual work performed. The manager charged a majority of his time to Grant No. F-44-R-23, Fish Management. However, we found that for a significant amount of his time (between 25 to 43 hours), he was working on non-fish management activities. These activities included working on a resume, a job application, and on endangered species activities during State fiscal year 2003.
Labor	Prior audit finding - Direct charging for annual and sick leave.	As reported in the prior audit of Federal Aid, the Department did not charge vacation and sick leave to an overhead account. Employee leave was allocated based on master index codes being charged in the month when leave was taken, rather than being allocated from an overhead pool and spread among all jobs being worked on over the course of a year.
Land and Water Conservation Fund	Ineligible Use of Federal Assistance Funds	The Department maintained a Game Production Area, State Fish Hatchery Visitor Center building, and State Fish Hatchery operations building with Federal Assistance funds. However, the property was purchased and the buildings were constructed with Federal funds provided under the Land and Water Conservation Fund Act of 1965. FWS regulations as well as the Land and Water Conservation Act do not permit the use Federal Assistance funds to operate or maintain properties acquired with Land and Water Conservation funds.

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Type	Title	Finding
Land and Water Conservation Fund	Ineligible Use of Federal Assistance Funds on property acquired or constructed with Land and Water Conservation Funds	The Department maintained approximately 450 wildlife management areas with Federal Assistance funds during SFYs 2001 and 2002. However, 18 of the 450 wildlife areas contained either properties purchased or facilities constructed with Land and Water Conservation funds, which may have made them ineligible to receive funds for their operation and maintenance. Sixteen areas maintained under Grants FW-43-D-33 and FW-43-D-34 were acquired with Land and Water Conservation funds by the predecessor to the Department's Fish and Game Division, the Commission. Two facilities constructed in part with Land and Water Conservation funds also received regular maintenance funding through Federal Assistance Grants FW-43-D-33 and FW-43-D-34.
Land and Water Conservation Fund	Land and Water Conservation Acquired Real Property	The cost of operating and maintaining the Division's 213 State Wildlife Management Areas (SWMAs) during State fiscal years 2002 and 2003 was charged to Federal Assistance Grants FW-46-M-3 and FW-46-M-4. However, all or part of 11 of the 213 SWMAs contained real property assets that were acquired with Land and Water Conservation funds. The 11 SWMAs contained about 78,000 acres. About 35,000 of the total acreage involved real property assets acquired with Land and Water Conservation funds.
Land and Water Conservation Fund	Land and Water Conservation Fund	Under grants W-64-D-19 and W-64-D-20, the Department maintained 11 wildlife areas with Federal Assistance funds during State Fiscal Years ending June 30, 2002 and 2003. However, two of the 11 wildlife areas contained property purchased with Land and Water Conservation Funds, which may have made them ineligible to receive funds for their operation and maintenance. The Department expended \$2.4 million of Federal Assistance maintenance costs for the two wildlife areas with property acquired with Land and Water Conservation Funds.
Land and Water Conservation Fund	Land and Water Conservation Funds	The Department maintained approximately 313 Management Units (access areas, fish culture stations, pond sites, stream banks, and wildlife management areas) partly with Federal Assistance funds during SFYs 2002 and 2003. However, 15 properties within these units were purchased with Land and Water Conservation funds, which made them ineligible to receive Federal Assistance funds for their operation and maintenance.
License Certification	Annual License Certification	The annual license certification for 2001 was overstated by 1,774 licenses.
License Certification	Annual License Certification	The Division of Fish Wildlife and Marine Resources used rates to eliminate duplicate license holders in its certifications for License Years 2000 and 2001 based on data not representative of statewide license sales. The rates used were generated from computerized files at the headquarters sales office in Albany, NY, which contained LY 1996 license sales information for only licenses sold at that location and through the mail. This location was one of 1600 sales outlets statewide and Division personnel estimate that the duplication rates were derived from the 27,000 license holders at this location, or 1.8 percent of the 1.5 million total State license holders.

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License Certification	Annual License Certifications	The Bureau completed and submitted annual License Certifications for license years 2001 and 2002 to the FWS Division of Federal Assistance. However, the Bureau did not account for and eliminate potential duplicate non-resident license holders.
License Certification	License Certification	The Department overstated fishing licenses by 3,027 and hunting licenses by 317.
License Certification	License Certification	The Department's annual license certifications for license years 2001 and 2002 included duplicate hunting and fishing license holders. In accordance with 50 CFR § 80.10 (c) (5), an individual shall not be counted more than once as a hunting or fishing license holder.
License Certification	License Certification	The Division's annual license certifications for calendar years 1999 and 2000 included a 3.6 percent adjustment to hunting license sales and a 7.9 percent adjustment to fishing license sales to eliminate the duplicate counting of individuals who purchased both temporary and annual licenses. The adjustments, however, were based on a 1994 survey.
License Certification	License Certification	The number of licenses reported was overstated in fiscal years 2000 and 2001 because the state did not use consistent numbers each year and because factors used to eliminate duplicate license holders in the annual license certification counts were not applied to the total license count.
Program Income	Conservation Lease Accounting.	The Commission understated revenues to the extent that rentals were netted against work expenses on leases for the right to crop, hay, or graze on Commission lands.
Program Income	Non-cash Agreements	The Division of Wildlife (Division) operated and maintained its SWMAs through Federal Assistance grants. The Division entered into various verbal and written non-cash agreements with individuals, non profit entities, and other agencies. These agreements were used for habitat improvement or maintenance of the SWMAs. For example, part of a crop was allowed to be harvested on a SWMA in exchange for leaving a portion of the crop as food for the wildlife. Accounting entries were not made for the fair market value of the non-cash income and costs associated with the agreement.
Program Income	Program Income	During the site visits and review of the Commission's revenue accounts, the auditors identified \$620,212 of unreported program income from day use fees at various fish and wildlife management areas.

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Program Income	Program Income	The auditors found that the process used by the Department to account for revenue collections did not identify all income derived from grant-supported activities and identified at least \$94,172 of unreported program income.
Program Income	Program Income	The Bureau earned \$240,277 in revenues generated on wildlife management areas receiving Federal Assistance funds for operation and maintenance. Sources of the revenue, earned in State fiscal years (SFY) 2001 and 2002, were timber sales that were not identified as program income in Grants W-61-D-5, W-61-D-6, and W-61-D-7 or reported on the respective Financial Status Reports, SF-269s.
Program Income	Program Income	The Department deposited \$479,657 in revenues to the Conservation Fund that were generated on wildlife management areas receiving Federal Aid funds for their operation and maintenance. Sources of the revenue included rights of way, land rental, oil and gas royalties, timber sales, alligator harvesting, and seismic testing. These revenues were not identified as program income in the grant agreements or reported on the Financial Status Reports (SF-269s).
Program Income	Program Income	The Department earned \$242,919 on grants for the operation and maintenance of wildlife management areas (\$55,289) and for aquatic education (\$187,630). In addition, the Department bartered with farmers to leave crops un-harvested in exchange for additional acreages to farm on a wildlife management area.
Program Income	Program Income	The Division of Wildlife (Division) reported \$26,780 of program income for Fiscal Years 2002 and 2003 on the respective SF-269s for grant agreements FW-46-M-3 and FW-46-M-4 for State Wildlife Management Areas' (SWMA) operation and maintenance. However, the Division did not report an additional \$56,153 in revenues from crop and grazing permits, easements, and a communication site lease settlement on SWMAs receiving Federal Assistance funds for operation and maintenance.
Program Income	Program Income	The FWS grants have not been credited for the gross program income generated at Division of Fish and Wildlife areas.
Program Income	Program Income	The state did not report over \$1.5 million of program income on its Final SF269s for its wildlife area maintenance grants and a hunter safety grant.
Program Income	Program Income	The state did not report program income derived from two parcels of property acquired with federal aid funds.
Program Income	Program Income	The State earned \$980,616 in revenues generated on wildlife management areas receiving Federal Aid funds for their operation and maintenance. Sources of the revenue were timber sales, agriculture and local sales. These revenues were not identified as program income in the grant agreements or reported on the respective SF-269s.
Program Income	Program Income	The State reported program income from (a) projects that were not supported by Federal Aid funds and (b) from the wrong grant period.
Program Income	Program income	The Department did not accurately report program income. Program income from lands maintained with PR funds are split 75/25 between federal and state accounts according to the grant funding terms for the maintenance of that property.

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Program Income	Program Income for Crops and Grazing	The Commission did not report \$346,872 of program income for crops and pasture revenue derived from Wildlife Management Areas operated and maintained through Federal Aid grants.
Program Income	Unreported Program Income of \$1,290,424	The Department earned \$2,504,979 in revenues generated on its wildlife management areas. Although some revenues were identified as program income and reported on the respective Financial Status Reports, SF-269s, the Department did not report \$1,290,424 in program income generated on 8 wildlife management areas leased from the U.S. Army Corps of Engineers (Corps).
Project Level Accounting	Project Level Accounting	The Commission submitted a proposal and the grant budget included project-by-project costs, but the SF-269s were submitted on a total cost basis.
Project Level Accounting	Project Level Accounting	The Department did not accumulate the actual costs of jobs and compare those costs to the corresponding budgeted amount.
Project Level Accounting	Project Level Accounting	The department project costs reported to FWS are not an accurate representation of a project's total costs.
Questioned Costs	Aquatic Education In-Kind Contributions	In our draft report, we questioned \$185,550 (Federal share \$139,162) charged to the Aquatic Education programs (Watershed Stewardship, and Salmonids in the Classroom) during State fiscal years 2001 and 2002 because the Department claimed estimated labor hours as its matching share under the grant without obtaining time sheets, sign-in sheets or any other form of certification from the volunteers.
Questioned Costs	Awards to Volunteers	The Commission awarded firearms, direction finders, and other items exceeding \$100 in cost, and five-year hunting or fishing and one-year combination game/fishing licenses to Hunter Education program volunteers.
Questioned Costs	Campground construction	The Commission claimed \$504,582 to rehabilitate a campground and to construct picnic tables and shelters that do not meet the definition of allowable wildlife-associated recreation.
Questioned Costs	Claimed Costs	The Department claimed \$1,842 more than the total actual costs recorded for Grant No. F-31-13 due to a posting error.
Questioned Costs	Costs Charged to the Wrong Project	Costs of repairing a road that divides A Wildlife Environment Area and B Wildlife Management Area were charged to the management of the A Wildlife Environment Area. Because the road lies half on A and half on B, the costs should have been borne equally by each Area.
Questioned Costs	Employee Labor Costs - Ineligible Work Activities.	Among the activities conducted by Parks and Recreation under the MOU were maintaining horse trails and eliminating logging roads, both of which were ineligible activities under Grant W-46-D-22.

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Questioned Costs	Employee Labor Costs - Unsupported Labor Costs.	The Department claimed \$175,900 in labor costs under Grant W-46-D-22 for which we could identify only \$146,780 of supportable labor costs. The Department of Fish and Wildlife and the Department of Forestry Parks and Recreation (Parks and Recreation) signed a one year Memorandum of Understanding (MOU) dated April 8, 2003, which was effective on July 1, 2002. This agreement provided for some Grant W-46-D-22 work (wildlife habitat development) to be performed by Parks and Recreation staff. The agreement provided for direct charging of employee costs to program activities established by the Department of Fish and Wildlife.
Questioned Costs	Expenditure Testing	The State Department of Administrative Services (Department) was unable to provide supporting documentation for four items totaling \$70,952.
Questioned Costs	Indirect Costs	Indirect costs for Federal Aid grants were calculated using rates negotiated with the U. S. Environmental Protection Agency (EPA). Each year, the Department of Environmental Conservation (DEC) submits an Indirect Cost Proposal to the EPA detailing the basis of the proposed indirect rate. After the rate is negotiated and fixed it is applied to all of DEC's Federal agreements, subject to statute. The auditors found the proposals indicate that central services costs included in the development of the rate were not limited to three percent of the annual Sport Fish or Wildlife apportionments.
Questioned Costs	Indirect Costs	The indirect cost rates developed included insufficient data.
Questioned Costs	Indirect Costs - Direct Expenditures Allocation in the Calculation of the Overhead Costs	The Department of Fish and Wildlife did not correctly allocate grant direct costs between the Federal and State shares when calculating overhead costs for Federal Aid grants.
Questioned Costs	Ineligible Costs	The Department charged \$12,905 to the Statewide Fisheries Inventories and Surveys grant that was incurred prior to the grant's effective date, but not provided for in the grant agreement
Questioned Costs	In-Kind Contributions	The Department did not maintain supporting records for all in-kind contributions.
Questioned Costs	In-Kind Contributions	The Department's system for accumulating and tracking volunteer hours used for the in-kind match in the FWS hunter education grant did not accurately summarize and report total volunteer hours.
Questioned Costs	In-Kind Contributions	Under grants W-64-D-19 and W-64-D-20, expenditures included over \$20,000 for wildlife areas not included in the grant scope of work. The Division of Wildlife (Division) reported \$26,780 of program income for Fiscal Years 2002 and 2003 on the respective SF-269s for grant agreements FW-46-M-3 and FW-46-M-4 for State Wildlife Management Areas' (SWMA) operation and maintenance. However, the Division did not report an additional \$56,153 in revenues from crop and grazing permits, easements, and a communication site lease settlement on SWMAs receiving Federal Assistance funds for operation and maintenance.
Questioned Costs	In-Kind Contributions: Out of Period Costs	The Commission claimed in-kind contributions under an Aquatic Education Program grant for accumulating volunteer hours that were incurred prior to the grant period.

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Questioned Costs	Out of Period Costs	Costs of \$206,426 charged to grants were questioned because they were incurred prior to the time period covered by the grant agreements.
Questioned Costs	Out of Period Costs	The Department claimed costs of \$3,077, under Grant No. F-32-11, for utility service at the Hatchery for July 2002 even though the funding period for this grant was July 1, 2001, through June 30, 2002.
Questioned Costs	Outside of Grant Period	The Commission maintained its accounting records on a modified accrual basis but prepared the annual Financial Status Reports, SF-269s, for grant accounting on a cash basis, and reported expenditures when paid, not when services or merchandise was received.
Questioned Costs	Preaward Costs	Costs totaling \$144,389 charged to grants was questioned because the costs were incurred prior to the award and effective starting dates of the grants.
Questioned Costs	Profit Used as Match	The Department of Fish and Game entered into a subgrant with a Village Corporation to construct an access to a river and claimed as matching funds the \$8,087 of profit for the construction of the River Trail Access.
Questioned Costs	Questioned Costs	Departmental adjustment resulted in the re-recording of \$2,230 of costs associated with the base of operations.
Questioned Costs	Questioned Costs	On the aquatic education grant (F-49-AE-15), the State expended \$12,000 identified as for timber harvest. We have asked for an explanation as to the allowability of these costs.
Questioned Costs	Questioned Costs	The auditors questioned a total of \$362,375 claimed by the Wildlife Division for volunteer labor used as in-kind match because the charges were based on unsupported estimates or the supporting records had apparently been accidentally destroyed.
Questioned Costs	Questioned Costs	Under grants W-64-D-19 and W-64-D-20, CDFG expenditures included over \$20,000 for wildlife areas not included in the grant scope of work.
Questioned Costs	Questioned Costs - Unsupported Costs	The Department did not maintain sufficient documentation to support \$1,793,150 of cost share claimed under 9 Federal Assistance grants. The amounts reported on the Financial Status Reports (SF 269s) as in-kind (line "e") and matching or cost share alternative (line "g") were derived and included amounts (1) contained in grant budget documents, (2) included in payable contracts, where the costs reported as match were not specifically identified, and (3) for supervisory and staff time not supported by time sheet documentation.
Questioned Costs	Shooting Range Development	The Department obtained a grant to construct a shooting range at the Range Project, and the project was never completed.
Questioned Costs	Unallowable Costs	The State's Single Audit for State fiscal year (SFY) 2001 disclosed that a senior official of the Department made \$52,540 in questionable purchases charged to the Sport Fish Restoration grants.
Questioned Costs	Unsupported Costs	A \$32,789 unpaid invoice was included as matching funds.
Questioned Costs	Unsupported Costs	Costs of \$165,141 charged to grants were questioned because the state could not provide the necessary documentation to support the costs claimed.